OFFICE OF FISCAL ANALYSIS
Legislative Office Building, Room 5200
Hartford, CT 06106 ◇ (860) 240-0200
http://www.cga.ct.gov/ofa

sSB-10
AN ACT CONCERNING HEALTH INSURANCE AND PATIENT PROTECTION.
As Amended by Senate "A" (LCO 8995)
Senate Calendar No.: 241

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
State Comptroller - Fringe Benefits; Various State Agencies	App Fund - Potential Cost	645,000 - 1.6 million	1.3 million - 3.2 million
Insurance Dept.	GF - Potential Revenue Gain	See Below	See Below
Consumer Protection, Dept.	GF - Potential Cost	92,500	185,000
State Comptroller - Fringe Benefits[1]	GF - Potential Cost	35,078	70,155

Note: App Fund=All Appropriated Funds; GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 26 $	FY 27 $
Various Municipalities	Potential Cost	See Below	See Below

Explanation

The bill results in various fiscal impacts described by section below.

Sections 1 and 2 require each health carrier to annually certify their review of compliance with mental health and substance use disorder benefit reporting requirements to the Insurance Commissioner, who must make these reports, including the names of health carriers, public.

[1]The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

Primary Analyst: NB 5/22/25
Contributing Analyst(s):
Reviewer: JS

These procedural changes result in no fiscal impact.

Section 3 allows the Insurance Department to impose civil penalties on health carriers for failing to comply with certain specified reporting and mental health parity requirements. Health carriers can be fined $100 per participant, up to $625,000 in aggregate annually, resulting in a potential revenue gain to the General Fund, beginning in FY 26 and annually thereafter. Health carriers may also be fined for late filings up to $625,000 in aggregate. The resulting revenue gain will depend on the number of violations and the department's discretion to pursue civil penalties. The section additionally allows the Insurance Department to order payment to cover the department's reasonable expenses for proceedings, which is expected to defray any such costs.

Sections 4 and 5 prohibit the use of step therapy for the treatment of multiple sclerosis and rheumatoid arthritis. These sections additionally extend an existing prohibition on the use of step therapy on prescription drugs used to treat certain mental health conditions beyond FY 27.

There is a potential half-year cost ranging from $645,000 – $1.6 million in FY 26, annualized in FY 27 between $1.3 – $3.2 million (and annually thereafter) across various state funds for the restriction of step therapy on prescriptions used to treat multiple sclerosis or rheumatoid arthritis on the state employee health plan (SEHP). Approximately $361,000 – $896,000 in FY 26 and $722,000 – $1.8 million in FY 27 (and annually thereafter) of these costs are borne by the State Comptroller – Fringe Benefits account within General Fund. Actual costs are dependent on the impact to premiums for the SEHP resulting from increased prescription drug costs. The use of specialty drugs is a significant cost driver of the state employee health plan and state partnership plan (SPP). The restriction on prescription drugs used to treat certain mental health conditions does not result in a fiscal impact as the plan does not currently use step therapy on these conditions.

These sections also result in potential costs to various municipalities that either have fully insured health plans or participate in the SPP to the extent the restriction of step therapy on prescriptions used to treat multiple sclerosis or rheumatoid arthritis result in higher utilization and prescription drug costs increase plan premiums.[2] The SPP would face costs commensurate with the increase to the state employee health plan based on their enrollment.

Fully insured municipal employee health insurance plans would additionally face potential costs beginning in FY 27[3] to the extent they would otherwise utilize step therapy after the policy sunset. The restriction on prescription drugs used to treat certain mental health conditions does not result in a fiscal impact to the SPP as the plan does not currently use step therapy on these conditions.

Sections 6 and 7 give the commissioner of the Insurance Department the authority to reduce insurance rate premiums for certain fully insured plans and Exchange plans if the increase is above the health care cost growth benchmark, which results in no fiscal impact to the state. This is a procedural change within the existing rate review process.

Sections 8 and 9 prohibit health insurance policies from placing certain limitations on general anesthesia coverage which does not result in a fiscal impact to the state or municipalities because carriers do not currently impose these restrictions.

Section 10 makes certain hospital and health care facility violations an unfair trade practice violation resulting in a potential cost[4] for the Department of Consumer Protection (DCP). To meet the requirements of the bill, DCP may have to hire one special investigator and one staff attorney for a potential salary and other expenses cost of $92,500 in FY 26 and $185,000 in FY 27 along with a potential fringe benefit cost of $35,078 in FY 26 and $70,155 in FY 27. The cost to DCP is dependent on the number and complexity of the complaints and investigations required.

Senate "A" eliminates the original bill and its associated fiscal impact,

[2] Half-year potential cost in FY 26 and full-year potential cost thereafter.
[3] Half-year potential cost in FY 27 and full-year potential cost thereafter.
[4] Half-year potential cost in FY 26 and full-year potential cost thereafter

and results in the impact described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.